



# OFFICE OF MANAGEMENT AND BUDGET

## FAIRFAX COUNTY ECONOMIC INDICATORS ©

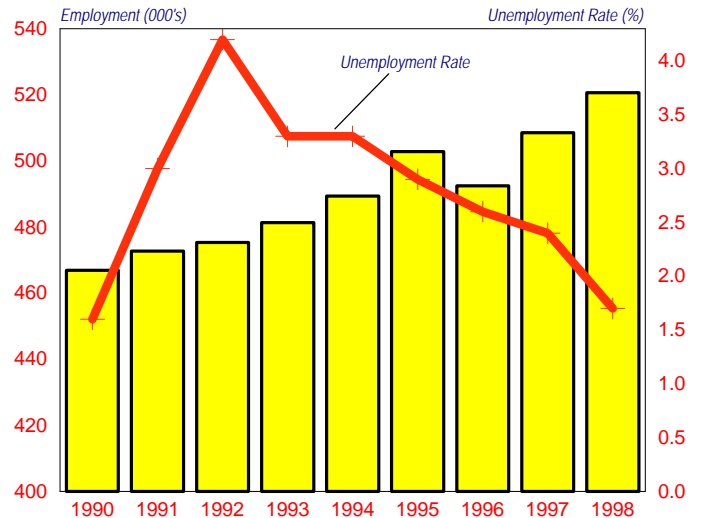
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MAY 1998

### MAY HIGHLIGHTS

- ❑ The County's unemployment rate continued to decline in March, down by 0.1 point to 1.6, according to data reported by the Virginia Employment Commission.
- ❑ Although the number of telephone lines in the County maintained by Bell Atlantic continues to grow, there is evidence that the pace is beginning to moderate as smaller increases are being registered in the business component.
- ❑ March retail sales in Northern Virginia ranged from an increase of 24.9 percent in Loudoun County to a decline of 7.5 percent in Fairfax City.
- ❑ March retail sales on the national level increased by 2.1 percent relative to last year.
- ❑ Issues of new residential dwelling permits declined for the first time in seven months.
- ❑ In March, the volume of **existing** homes sold continued to increase significantly, while the median selling prices of existing homes sold in the County declined from those established in 1997.
- ❑ Continuing recent trends, the sales volume of **new** single family and condominium sales in the County through March was significantly below that of last year, along with slight declines in the sales prices of these types of homes. In contrast, new townhomes have experienced slight increases in both the sales volume and sales price.
- ❑ The Fairfax County Coincident Index gained 0.19 points, while in contrast, the Leading Index declined slightly, by 0.07 points in March. Continuing volatility in the Leading Index suggests that future economic performance may be uneven.

### RESIDENTIAL EMPLOYMENT- MARCH



Source: Virginia Employment Commission  
Compiled by the Fairfax County Office of Management and Budget

*County's unemployment rate declined for the third consecutive month...*

The County's unemployment rate declined again in March for the third consecutive month, dropping 0.1 percentage point to 1.6 percent from 1.7 percent registered in February, according to the Virginia Employment Commission (VEC). This unemployment rate is at its lowest level since April 1990 when the rate was 1.5 percent, and is significantly below that of one year ago, when the unemployment rate was 2.2 percent. This low rate is an indicator of the Northern Virginia area's continuing economic strength but also indicates a tight labor market. Analysts at the College of William and Mary project that there will be approximately 300,000 new jobs added to the Northern Virginia economy between 1998 and 2005, which equates to 40,000 jobs annually, primarily in the high-tech fields.



The *Fairfax County Economic Indicators* is on the Web and can be accessed at:

<http://www.co.fairfax.va.us/comm/economic/economic.htm>

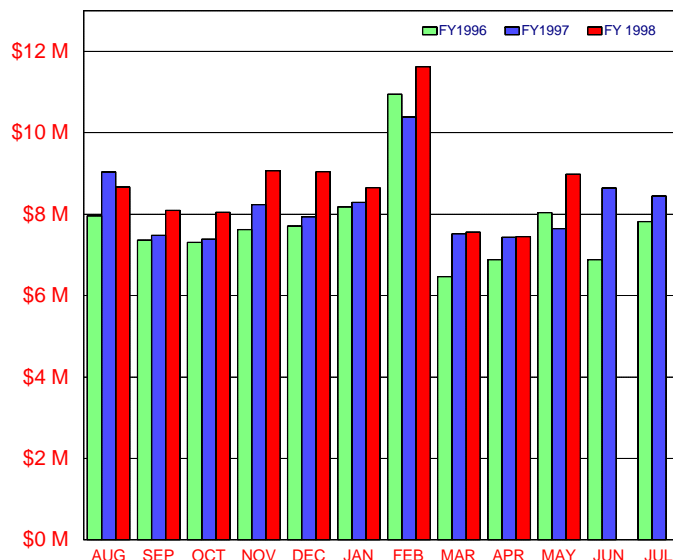


*Unemployment rates at both State and national levels continue to be low, indicating strong job markets...*

The Commonwealth's unemployment rate also declined in March, dropping 0.3 points to 3.2 percent, continuing the trend of the past few months. In contrast, according to the Bureau of Labor Statistics, the national unemployment rate rose slightly, increasing 0.1 point to 4.7 percent in March. Despite the slight increase, this rate is quite low and reflects the strength of the current national labor market. Many economists, however, point to the sustained low unemployment rate as a potential constraining factor on future economic growth as the productivity of companies, particularly in the high-tech industry, is limited due to positions that cannot be filled. For example, one of the speakers at the *Sixth Annual Conference on The Future of the Northern Virginia Economy*, Doug Koelemay of the Northern Virginia Technology Council, stated that the need for technical employees is so great that the yearly number of students graduating in technical fields from Virginia universities only fills job openings for one month. Mr. Koelemay stated that although the Northern Virginia economy continues to expand, this inability to fill the high demand in the technical industries could slow or even derail growth.

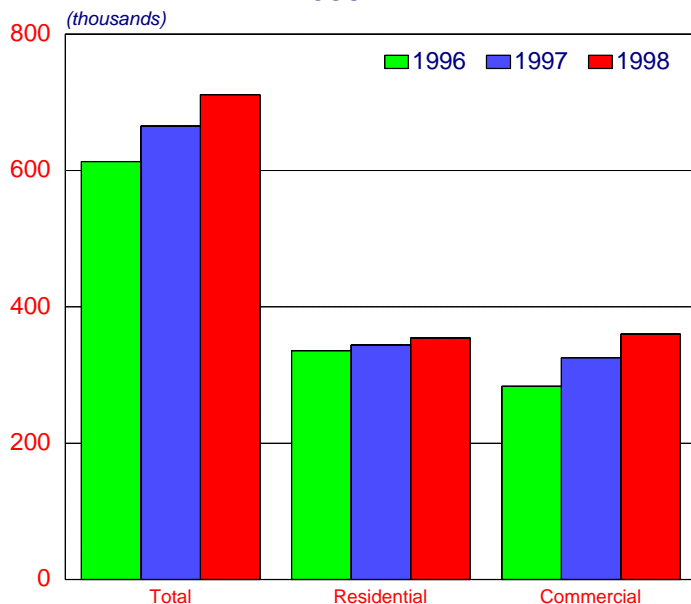
### SALES TAX REVENUES

(revenues represent retail sales two months prior)



Source: Virginia Department of Taxation  
Compiled by the Fairfax County Office of Management and Budget

### BELL ATLANTIC TELEPHONE LINES FAIRFAX COUNTY - APRIL



Source: Bell Atlantic  
Compiled by the Fairfax County Office of Management and Budget

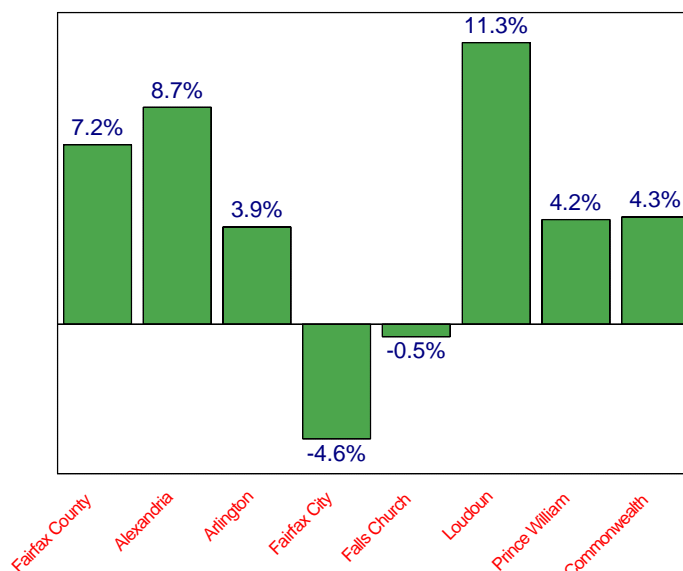
*Growth in telephone lines for the business sector is the lowest rate in two years...*

As of April 30, 1998, Bell Atlantic, the primary provider of local telephone service in Fairfax County, maintained 714,587 telephone lines, up 6.8 percent, or 45,369 lines, over April 1997. Once again, there is continuing evidence of smaller increases in the business sector. As of April 1998, the business sector added 34,783 telephone lines over the past 12 months, for a total of 360,036 lines, indicating a growth rate of 10.7 percent, which is the lowest rate of growth since April 1996. Residential telephone lines totaled 354,551 in April, up 3.1 percent, or 10,586 more lines than April 1997.

*May Sales Tax receipts up significantly...*

Fairfax County's May Sales Tax receipts, representing retail purchases made in March, were \$9.0 million, up a significant 17.5 percent over the same period last year. While the level of May receipts is substantial, the growth rate is somewhat overstated since May 1997 receipts were artificially low due to a late filing by a retailer and May 1998 receipts include a late filing from April. Officials at the Virginia Department of Taxation, however, indicated that May receipts also reflect several new retailers and growth in retail sales by existing businesses. To date, FY 1998 Sales Tax receipts total \$87.2 million and lead the prior fiscal year by a 7.2 percent margin.

### FY 1998 SALES TAX RECEIPTS - THROUGH MAY



Source: Virginia Department of Taxation  
Compiled by the Fairfax County Office of Management and Budget

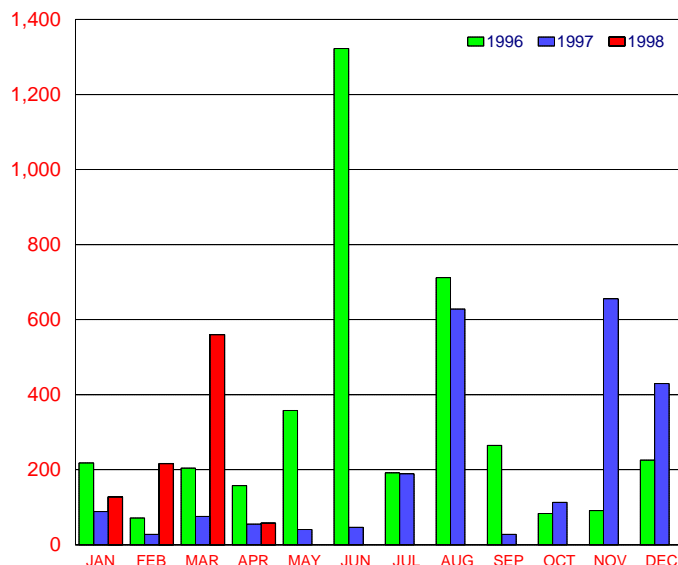
**Northern Virginia retail sales continue to be varied...**

March retail performance throughout Northern Virginia, as indicated by May Sales Tax receipts, is still varied. Relative to last year, sales of taxable retail goods in March were up significantly in all local jurisdictions except one, ranging from an increase of 24.9 percent in Loudoun County to a decrease of 7.5 percent in Fairfax City. Through May, FY 1998 Sales Tax collections are up 11.3 percent in Loudoun County, 8.7 percent in Alexandria, 4.2 percent in Prince William County, and 3.9 percent in Arlington. In contrast, however, and continuing prior months trends, cumulative fiscal year Sales Tax receipts in Falls Church and Fairfax City now trail FY 1997 by 0.5 percent and 4.6 percent, respectively. The Commonwealth experienced significant growth in retail sales, increasing 7.2 percent in May, compared to the same month last year and leads FY 1997 by 4.3 percent.

**National retail sales up...**

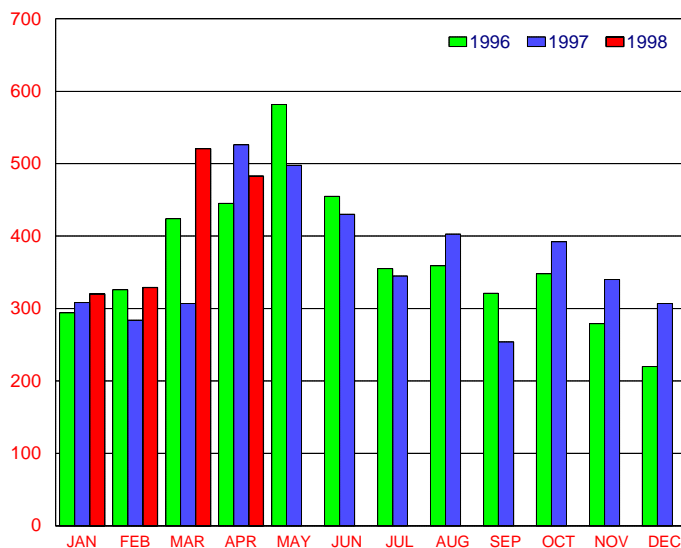
March retail sales on the national level, according to the Commerce Department, increased 2.1 percent from March 1997. Durable goods sales posted a 5.3 percent advance while nondurable goods sales decreased slightly by 0.2 percent, relative to the prior year.

**NUMBER OF RESIDENTIAL BUILDING PERMITS  
NEW MULTIFAMILY DWELLING**



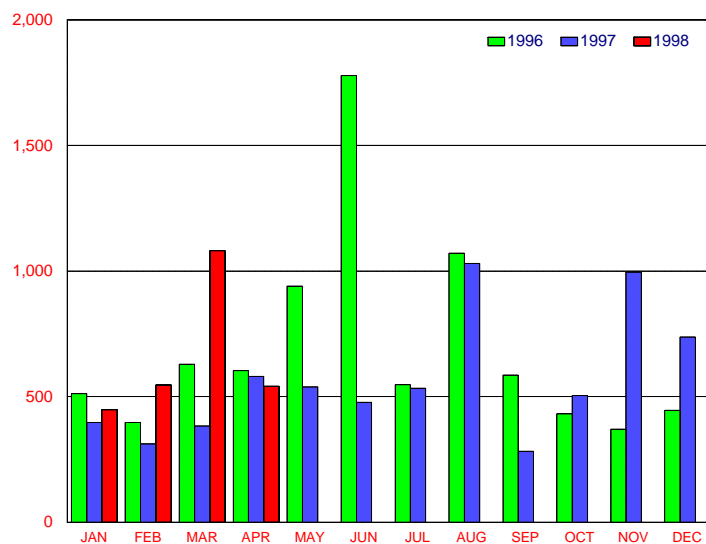
Source: Department of Environmental Management  
Compiled by the Fairfax County Office of Management and Budget

**NUMBER OF RESIDENTIAL BUILDING PERMITS  
NEW SINGLE FAMILY DWELLINGS**



Source: Department of Environmental Management  
Compiled by the Fairfax County Office of Management and Budget

**NUMBER OF RESIDENTIAL BUILDING PERMITS  
NEW DWELLINGS**



Source: Department of Environmental Management  
Compiled by the Fairfax County Office of Management and Budget

**New residential permits declined for first time in seven months...**

The issues of new residential dwelling permits declined in April as compared to the prior year, following a six month consecutive increase. To date, 2,616 permits have been issued by the County. This level reflects an increase of 56.4 percent, or 943 permits, over the 1997 total through April of 1,673 permits. Permit issues for multifamily structures totaled 963 through April, up significantly by 288.3 percent, or 715 permits, while permit issues for single family structures totaled 1,653 through April, an increase of 16.0 percent, or 228 permits, relative to last year.

In contrast, residential repair and alteration permit issues totaled 4,257 through April, a decline of 7.3 percent, or 333 permits, relative to last year.

*Housing starts on the national level continues to increase...*

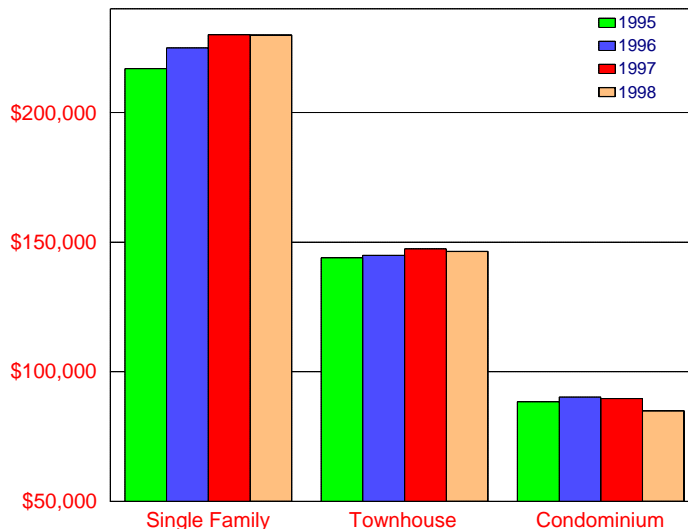
Through April 1998, new privately owned housing starts on the national level were up 6.14 percent relative to 1997, according to the Commerce Department. Regionally, housing starts were up 13.3 percent in the Midwest, 4.8 percent in the South, 4.7 percent in the West, and 2.8 percent in the Northeast.

*The number of residential building permits issued nationwide increased by 11.0 percent...*

The Commerce Department also reported that the number of residential building permits issued nationwide through April 1998 topped that of 1997 by 9.8 percent. On a regional basis, residential building permits issues were up 19.1 percent in the South, and 10.2 percent both in the West and Northeast. However, continuing the previous month's trend, the number of residential building permits issued through April 1998 in the West declined by 12.6 percent.

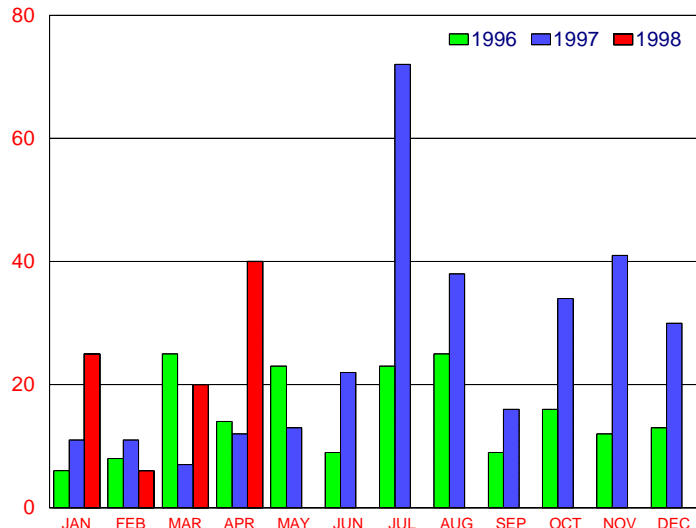
## HOME SALES IN FAIRFAX COUNTY

### MEDIAN PRICE OF EXISTING HOMES SOLD JANUARY-MARCH 1998 COMPARED TO ANNUAL MEDIAN PRICES 1995 - 1997



Source: Department of Tax Administration  
Compiled by the Fairfax County Office of Management and Budget

### NUMBER OF NONRESIDENTIAL BUILDING PERMITS NEW STRUCTURES



Source: Department of Environmental Management  
Compiled by the Fairfax County Office of Management and Budget

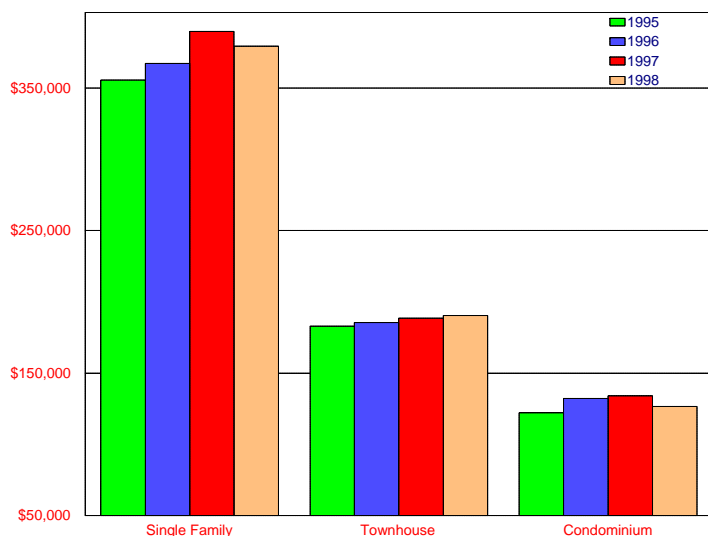
*Nonresidential building permits up 233.3 percent...*

The number of nonresidential building permits issued in April 1998 in the County increased significantly, by 28 permits, or 233.3 percent, relative to last year. Furthermore, the 91 nonresidential permits issued through April 1998 represent an increase of 122.0 percent, or 50 additional permits, as compared to last year. However, issues of nonresidential repair and alteration permits through April 1998 showed a more moderate gain over the prior year, increasing 5.0 percent, or 62 permits.

*Existing home prices continue to be less than 1997 levels...*

Based on sales data through March 1998, the median selling prices of all types of existing homes in the County continue to be slightly less than levels established in 1997. Please note these data are subject to revision as staff verifies transactions, and that only three months data are reflected. The median selling price of existing single family homes sold through March 1998 is \$229,950, almost flat with 1997's final median selling price of \$230,000. The median selling price of existing townhomes are down moderately, to \$146,500 through March 1998, a decrease of 0.7 percent from the level of \$147,500 in 1997. Additionally, existing condominium sales through March 1998 continue to reflect decreases in the median selling price, down to \$85,000, or a 5.2 percent decline from the 1997 level of \$89,625.

**MEDIAN PRICE OF NEW HOMES SOLD  
JANUARY-MARCH 1998 COMPARED  
TO ANNUAL MEDIAN PRICES 1995 - 1997**

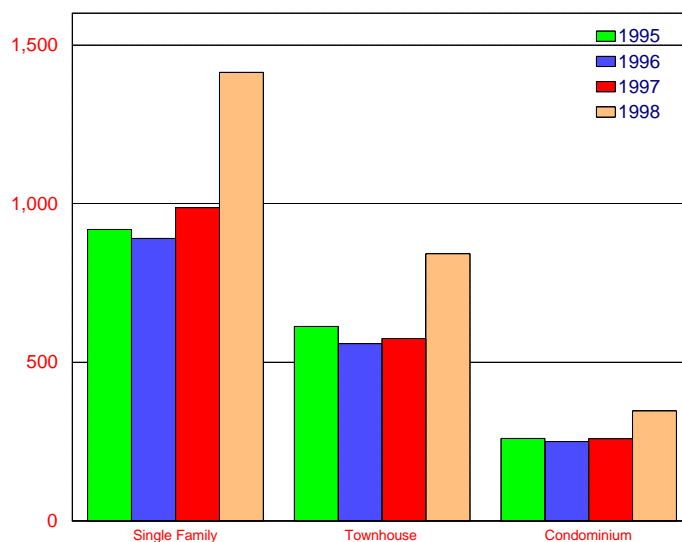


Source: Department of Tax Administration  
Compiled by the Fairfax County Office of Management and Budget

***New home prices  
also down...***

Comparatively, sales data through March also continue to reflect moderate decreases in the median selling prices of new single family homes and condominiums in the County. The median selling price of new single family homes decreased 2.6 percent through March to \$379,512 from the \$389,747 established in 1997. Also, the median selling price for new condominiums through March was \$126,525, a decrease of 5.6 percent from the \$134,038 reflected in 1997. In contrast, the median selling price of new townhomes for this period in 1998 gained modestly, increasing by 0.9 percent to \$190,250, over the \$188,481 registered in 1997.

**NUMBER OF EXISTING HOMES SOLD  
JANUARY - MARCH 1995 - 1998**



Source: Department of Tax Administration  
Compiled by the Fairfax County Office of Management and Budget

***Existing home sales  
volume continues to  
increase...***

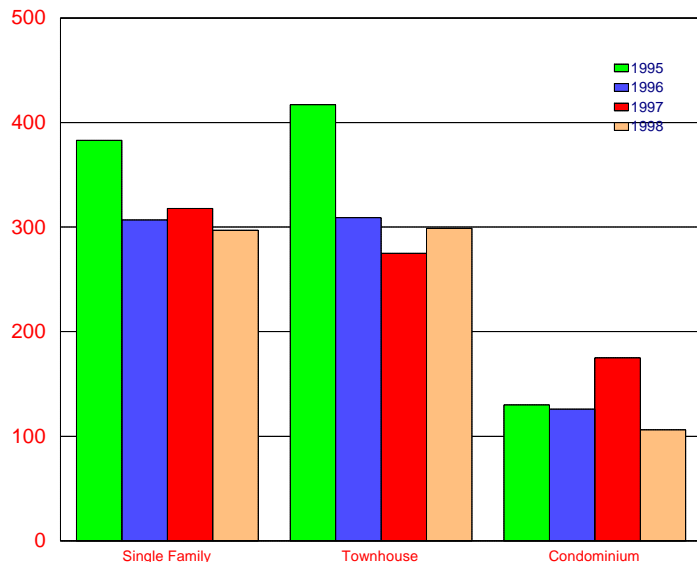
Through March, the sales volume of existing homes in the County continued to significantly surpass that of last year. Through March, 1,414 existing single family homes were sold, up 43.3 percent, or 427 homes, over the level registered for the same time period in 1997. Sales of existing townhomes totaled 842 units through March 1998, up 46.4 percent, or 267 homes, over the same period in 1997. Finally, 347 condominiums were sold through March 1998, an increase of 34.0 percent, or 88 units, relative to the same period last year.

**PERCENTAGE CHANGE IN MEDIAN PRICE OF HOMES SOLD  
1998 COMPARED TO 1997**

	Existing Sales	New Sales
Single Family	0.0	-2.6
Townhouse	-0.7	0.9
Condominium	-5.2	-5.6

Source: Department of Tax Administration  
Compiled by the Office of Management and Budget

### NUMBER OF NEW HOMES SOLD JANUARY - MARCH 1995 - 1998



Source: Department of Tax Administration  
Compiled by the Fairfax County Office of Management and Budget

#### *New home sales volume continues to decrease...*

In contrast to the existing home market, the sales volumes of new condominiums and single family homes in the County continued to decrease through March 1998. Condominium sales totaled 106 through March, down 39.4 percent, or 69 units, from March 1997. New single family homes sales declined more moderately for this period, a decrease of 6.6 percent, or 21 homes, through March 1998, as relative to last year. On a slightly more positive note, new townhome sales continued to increase moderately through March 1998, with total sales of 299 units, or an 8.7 percent increase relative to last year.

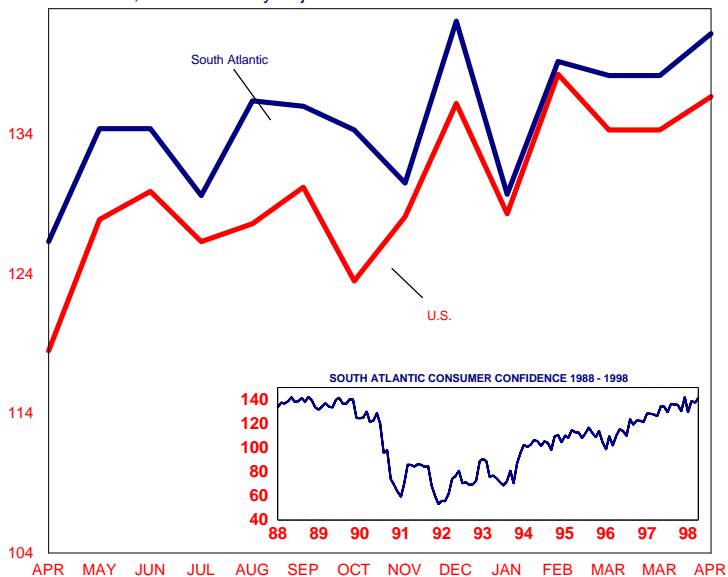
#### *New home sales nationally increased slightly...*

National sales of new homes through March 1998 grew a modest 3.8 percent over the same period in 1997, with the volume of sales through out the United States extremely varied. Specifically, new home sales are up 37.5 percent in the Midwest and 7.0 percent in the West. By contrast, however, sales in the Northeast and the South declined, by 17.4 percent and 4.0 percent respectively, for this period, relative to last year.

### ADDITIONAL INDICATORS

#### CONSUMER CONFIDENCE INDICES

1985=100, Not Seasonally Adjusted



Source: Conference Board  
Compiled by the Fairfax County Office of Management and Budget

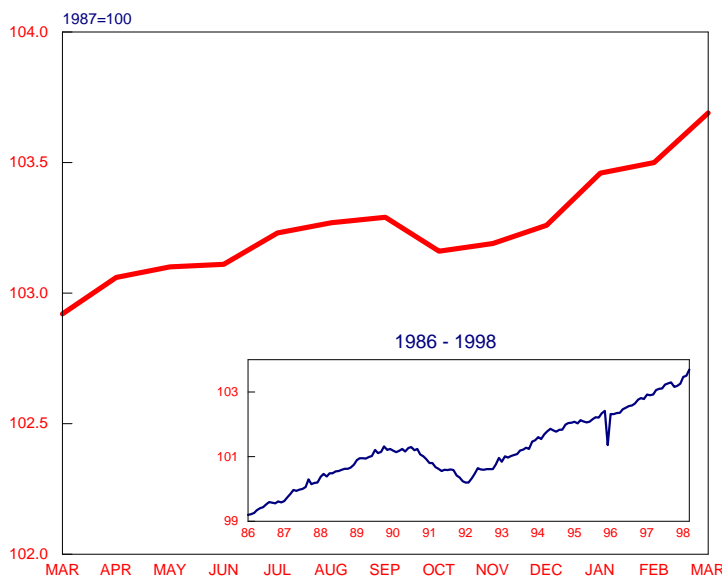
#### *Small declines in Consumer Confidence ...*

In April, the Conference Board's South Atlantic Consumer Confidence Index, which had declined slightly in March, increased 3.7 points to 141.2. Similarly, the national Consumer Confidence Index, which had also decreased in March, gained 2.9 points to 136.7 reflecting an increase in consumer expectations. According to analysts at the Consumer Conference Board, overall consumer expectations for six months hence grew over the prior month's level, and points towards further economic growth, with the outlook for the upcoming months still positive and strong relative to this period last year.



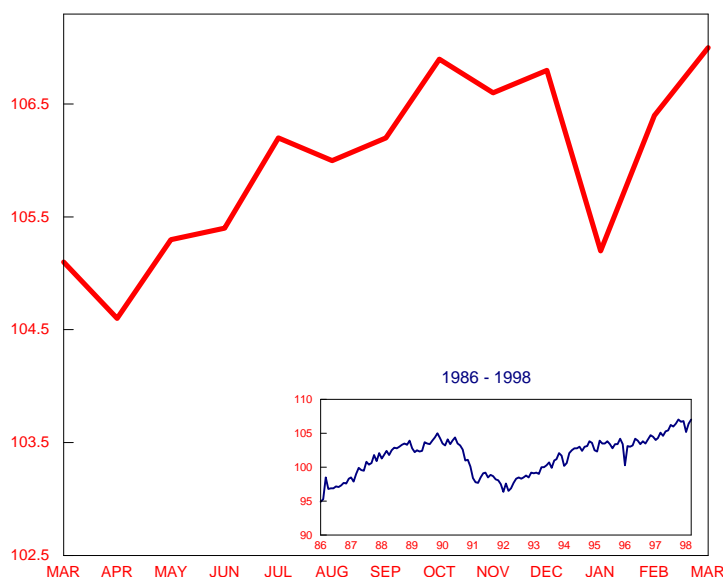
The following section includes a discussion of economic indices for two different geographic entities. The coincident indices assess current economic performance, while the leading indices signal what economic conditions will be in 9 to 12 months for the respective economies. Fairfax County's Indices are discussed first, followed by the Metropolitan Indices which consider the Washington Metropolitan economy. Together, these indices are intended to provide a broad assessment of the economic climate confronting, and likely to impact, County residents and businesses.

### FAIRFAX COUNTY COINCIDENT INDEX



Sources: Dr. Stephen Fuller  
Fairfax County Office of Management and Budget

### METROPOLITAN COINCIDENT INDEX



Source: Economic Reporter Online  
Compiled by the Fairfax County Office of Management and Budget

#### *Fairfax County Coincident Index up for fifth consecutive month...*

The Fairfax County Coincident Index, which represents the current state of the County's economy, increased to 103.69, gaining 0.19 points, continuing its positive trend of the past few months. As of March 1998, the Coincident Index has been up for five consecutive months, and for ten of the last 12 months. It is at its highest level with all four of the Index's components making positive contributions. Total employment, adjusted for seasonal variation, posted an increase for the third month in a row, and for the tenth time in 12 months; Transient Occupancy Tax collections increased for the fifth consecutive month; Consumer Confidence increased for a second month; and Sales Tax receipts, adjusted for seasonal variation and inflation, increased from February's decline, and have been up for two of year's three months.



#### *Metropolitan Coincident Index up slightly...*

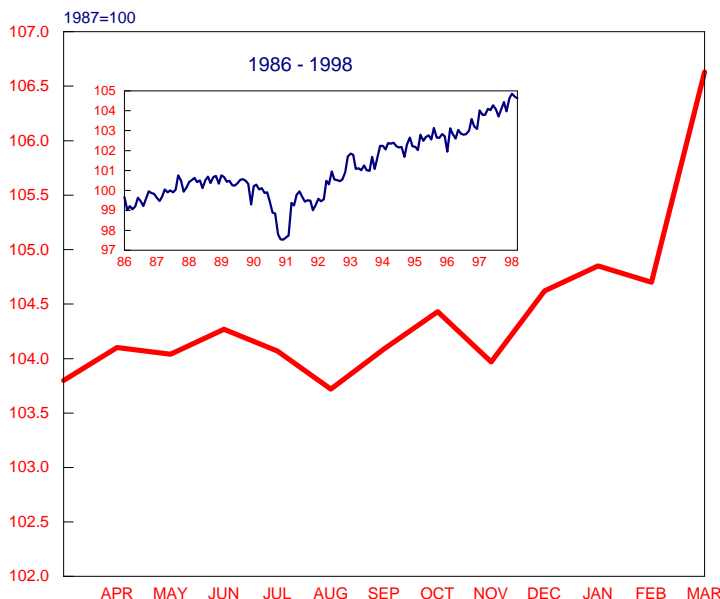
The Metropolitan Coincident Index, which reflects the current state of the Washington Metropolitan area economy, gained a very modest 0.6 points in March, increasing to 107.0, with all of four of its components making positive contributions. Larger gains were reflected in consumer confidence: the domestic passenger volume at National Airport and the sale of nondurable goods, while wage and salary employment experienced a more modest increase.



#### *Virginia Coincident Index declines...*

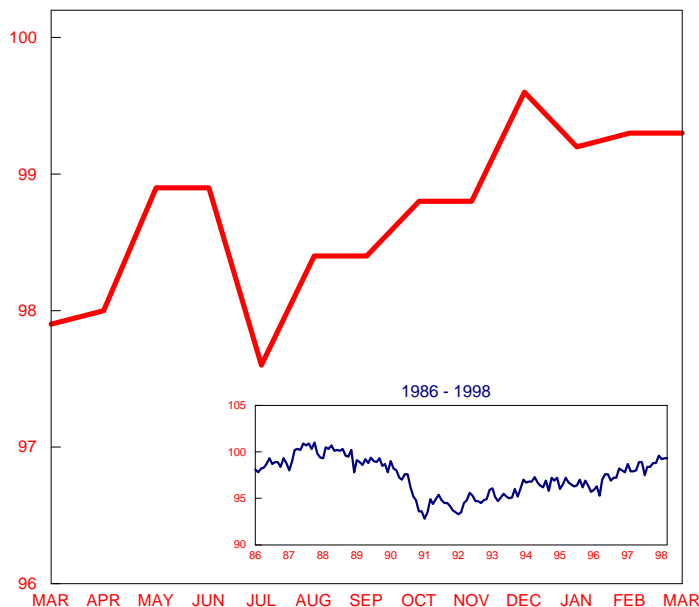
Crestar Bank's Virginia Coincident Index fell 0.1 points to 155.7 in February 1998 after rising for nine consecutive months. Four of the Index's six components rose in February, including the total employment composite, real taxable retail sales, real bank deposits, and the real average hourly wage. However, the manufacturing employment and the electricity consumption index both showed modest declines.

## FAIRFAX COUNTY LEADING INDEX



Sources: Dr. Stephen Fuller  
Fairfax County Office of Management and Budget

## METROPOLITAN LEADING INDEX



Source: Economic Reporter Online  
Compiled by the Fairfax County Office of Management and Budget

**Fairfax Leading Index declines for second month...**

The Fairfax County Leading Index, which is designed to forecast the performance of the County's economy 9 to 12 months in the future, decreased for the second month in a row, declining .07 points to 104.63 in March. It should be noted that this is the Index's first two-month decline since July-August 1997, however, the Index remains above its same month level in March 1997. In March, four of the Index's five components experienced decreases. New automobile registrations declined for the third month in a row and for the fourth time in the past five months; the mean value of residential building permits decreased for a second month; initial claims for unemployment insurance increased (worsened) for the second month; and, consumer expectations (consumer confidence six months hence) decreased for the second time in the last three months. In contrast, residential building permits increased for the second month after two months of decline.



**Metropolitan Leading Index remained flat...**

In March, the Metropolitan Leading Index, which is designed to forecast local economic performance in the Washington metropolitan area 9 to 12 months in advance, remained at 99.3 points, with four of the Index's five components negative. Initial unemployment insurance claims, sales of durable goods, consumer expectations, and the help wanted index all posted moderate declines, while in contrast, the number of total building permits issued grew significantly during this period.



**Virginia Leading Index gained for sixth consecutive month...**

The Virginia Leading Index, produced by Crestar Bank, rose for the sixth consecutive month and continues to point toward sustained economic growth, advancing 0.8 point to 165.2 in February. Four of the Index's nine components were positive while two remained constant and three posted negative gains. However, as reported by analysts at Crestar Bank, the three indicators which reflect future trends in employment, average length of the manufacturing workweek, initial unemployment claims and new business starts, all indicate that job growth will remain steady and economic growth will continue.

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